MACROVIEW

June 30, 2017

Quarterly Review & Outlook

"Bull Markets are born on pessimism, grown on skepticism, mature on optimism and die on euphoria."

- Sir John Templeton

The quote above from Sir John Templeton is one of the better-known maxims in all of Wall Street lore. And while said similarly, we weren't familiar, until recently at least, with legendary market strategist Raymond Devoe's description of secular bulls. Mr. Devoe builds on Templeton's bull market summary by breaking them down into 6 phases:

1) Aftershock/rebuilding
2) Guarded optimism
3) Enthusiasm
4) Exuberance
5) Unreality
6) Cold water (the bubble bursts)

The 2nd quarter of 2017 did nothing to sway of us from the belief that the US stock market is currently in a long-term secular bull market. As we see it, the market is in the latter half of Devoe's stage 2, "Guarded Optimism", and still has plenty of time to tack on impressive gains over the next several years.

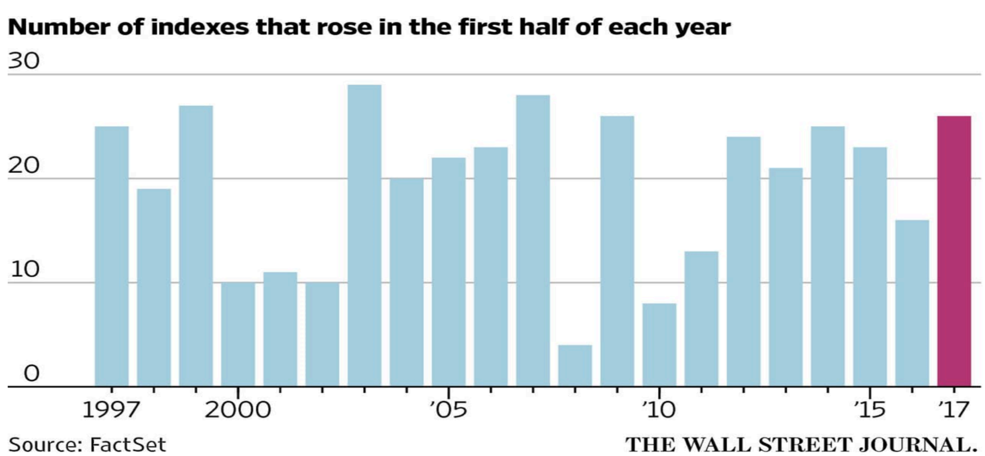
The commentary within will offer a detailed look at the various markets/asset classes we cover along with an assessment of the current investment landscape.

(Text continues on Page 3)

As of June 30, 2017

(Chart from RW Baird)

Global stocks had their best opening half to a year in nearly a decade. According to the Wall Street Journal, 26 of the world's 30 major stock indexes (as measured by value) were higher in the first half of 2017. Not since 2009 have we seen such a broad-based rally in global equities.



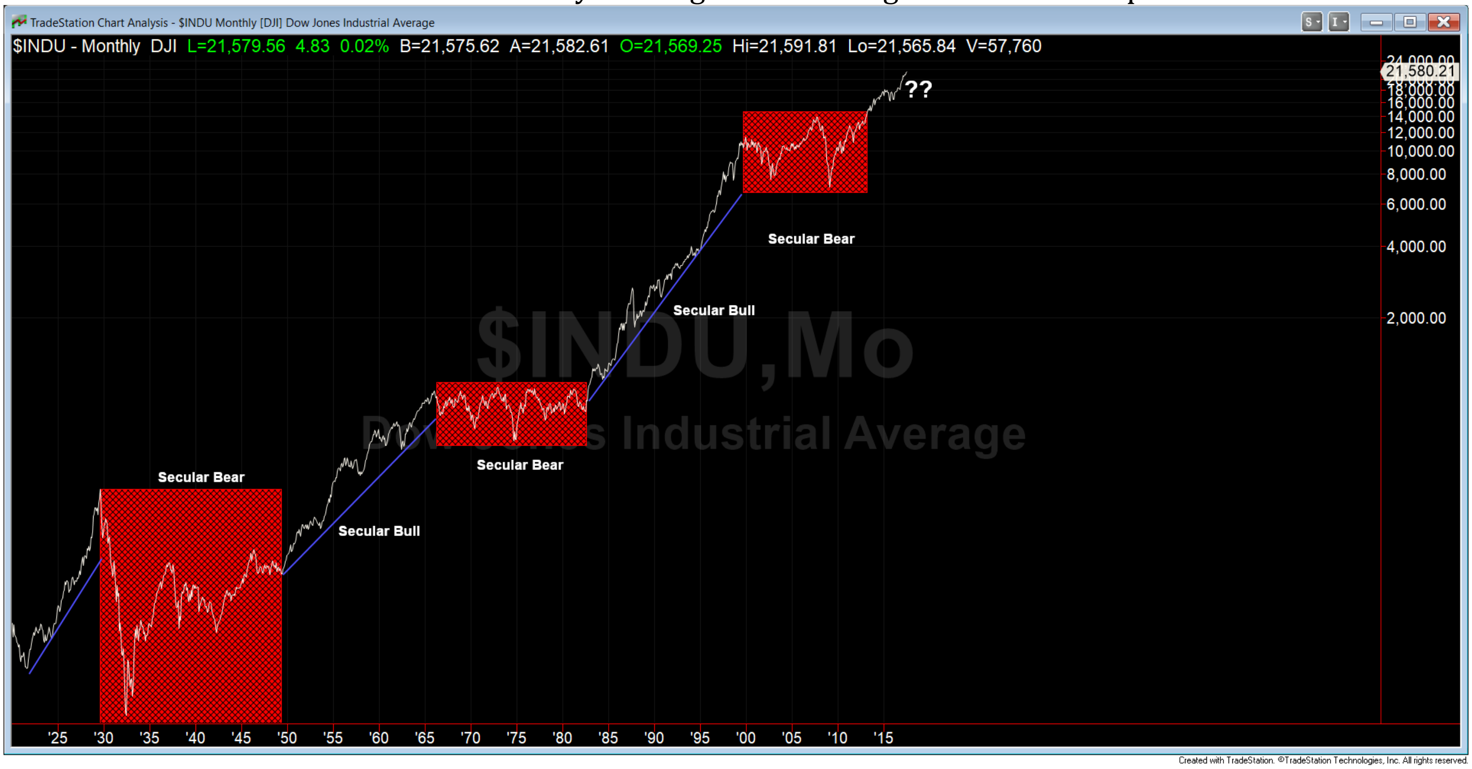
As of June 30, 2017

	Trailing Returns (%)						5-Year Risk Stats		Other Metrics			Representative
	Last Qtr	YTD	1-Year	3-Year	5-Year	10-Year	Std. Dev.	Max. Loss	P/E	EPS Gr.	Div. Yld.	Benchmark
Bellwethers												
S&P 500	3.1	9.3	17.9	9.6	14.6	7.2	9.6	(8.4)	21.2	0.6	2.1	*S&P 500*
DJIA	4.0	9.4	22.1	11.0	13.5	7.6	10.1	(9.0)	19.6	4.6	2.5	*Dow Jones Industrial Avg.*
Market Cap												
Mega	2.6	9.3	16.9	10.2	13.5	6.8	9.9	(8.5)	21.4	2.3	2.2	*Russell Top 50*
Large	3.2	9.8	18.7	9.9	14.6	7.2	9.6	(8.6)	21.0	5.3	2.1	*Russell Top 200*
Mid	2.7	8.0	16.5	7.7	14.7	7.7	10.4	(12.8)	22.0	5.9	1.6	*Russell Midcap*
Small	2.5	5.0	24.6	7.4	13.7	6.9	13.9	(16.8)	20.7	4.4	1.5	*Russell 2000*
Micro	3.8	4.2	27.6	6.7	13.7	5.5	15.1	(21.0)	17.0	(2.1)	1.3	*Russell Micro Cap*
Style												
Value	1.3	4.3	16.2	7.3	13.9	5.6	10.0	(10.4)	18.2	0.1	2.5	*Russell 3000 Value*
Core	3.0	8.9	18.5	9.1	14.6	7.3	9.8	(8.8)	20.9	4.2	2.0	*Russell 3000*
Growth	4.7	13.7	20.7	10.8	15.2	8.8	10.2	(8.8)	24.3	10.0	1.7	*Russell 3000 Growth*
S&P 500 Sectors												
Consumer Discretionary	2.4	11.0	16.9	12.2	17.4	10.5	11.6	(8.0)	21.1	8.0	1.5	*S&P 500/Cons. Disc.*
Consumer Staples	1.6	8.0	3.1	10.2	12.6	10.5	10.2	(7.5)	21.2	2.7	2.7	*S&P 500/Cons. Staples*
Energy	(6.4)	(12.6)	(4.1)	(10.5)	1.6	1.3	15.9	(38.7)	25.1	(21.3)	3.1	*S&P 500/Energy*
Financials	4.3	6.9	35.4	12.4	18.0	0.4	13.5	(15.2)	14.0	3.1	2.0	*S&P 500/Financials*
Health Care	7.1	16.1	12.5	11.0	17.9	10.6	11.8	(13.1)	19.9	9.8	1.8	*S&P 500/Health Care*
Industrials	4.7	9.5	22.3	10.2	16.1	7.7	11.2	(11.3)	19.6	0.4	2.2	*S&P 500/Industrials*
Information Technology	4.1	17.2	33.9	16.0	17.2	10.7	12.8	(8.2)	23.2	2.7	1.4	*S&P 500/Info. Tech.*
Materials	3.2	9.2	18.6	4.7	11.1	5.4	14.4	(22.7)	19.3	(6.3)	2.2	*S&P 500/Materials*
Telecomm	(7.1)	(10.7)	(11.7)	4.0	5.9	3.7	13.9	(12.6)	15.1	(0.7)	5.0	*S&P 500/Telecomm*
Utilities	2.2	8.8	2.5	9.4	11.2	7.0	13.6	(12.8)	18.0	(3.1)	3.5	*S&P 500/Utilities*

(Chart from RW Baird)

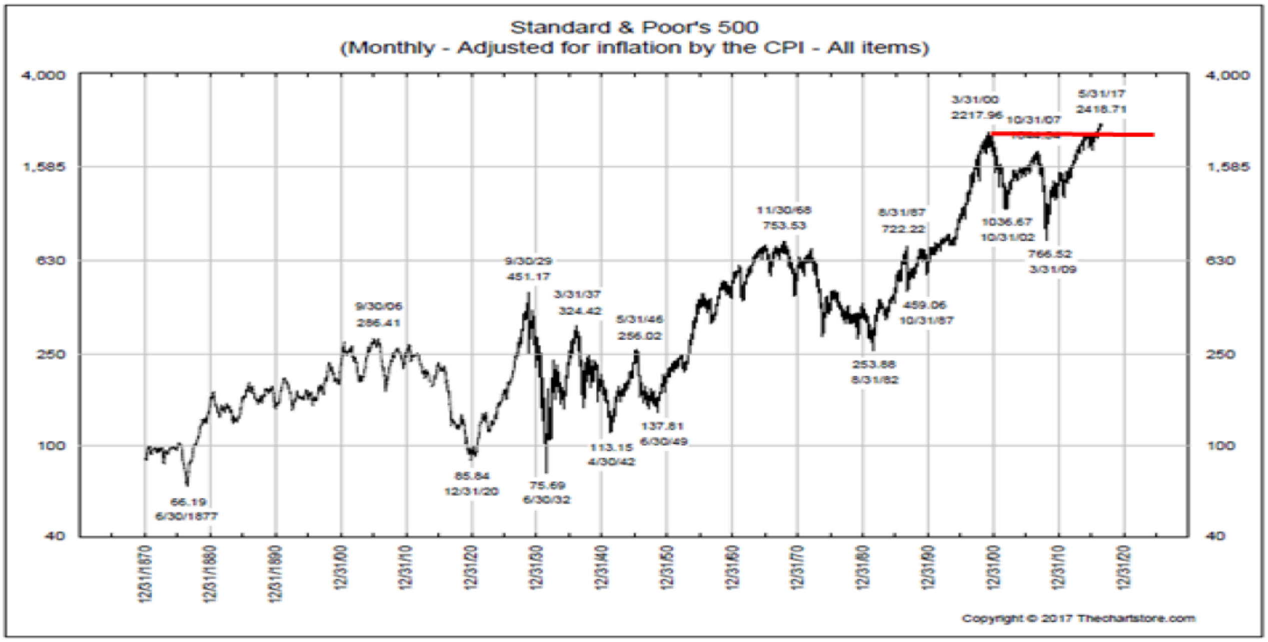
US stocks continued their ascent in the first half of 2017 with the S&P 500 and DJIA gaining more than 9% (including dividends) and NASDAQ powering ahead by 14%. Investors saw impressive sector participation with Consumer Discretionary, Health Care and Tech stocks leading the way higher while Energy and Telecomm were the only negative areas during the period.

As mentioned in our opening, we continue to believe stocks are in the midst of a long-term secular bull market with years left to advance. The charts below show the span and ranges of history's secular bulls and bears for the Dow and S&P 500. From this zoomed-out, monthly view, we see that relative to past moves the market could still be in the early-ish stages of its next great bull market phase.



The S&P 500 only recently (in a relative sense) emerged from what amounted to a 13-year bear market. In the spring of 2013, the index finally eclipsed its previous all-time high range previously set in 2000, and briefly matched in 2007. We think this lends credence to the idea that stocks have plenty of room to advance over the long-term.

This argument is perhaps furthered when you consider that the index is only 10% higher from its 2000 peak when adjusted for inflation.

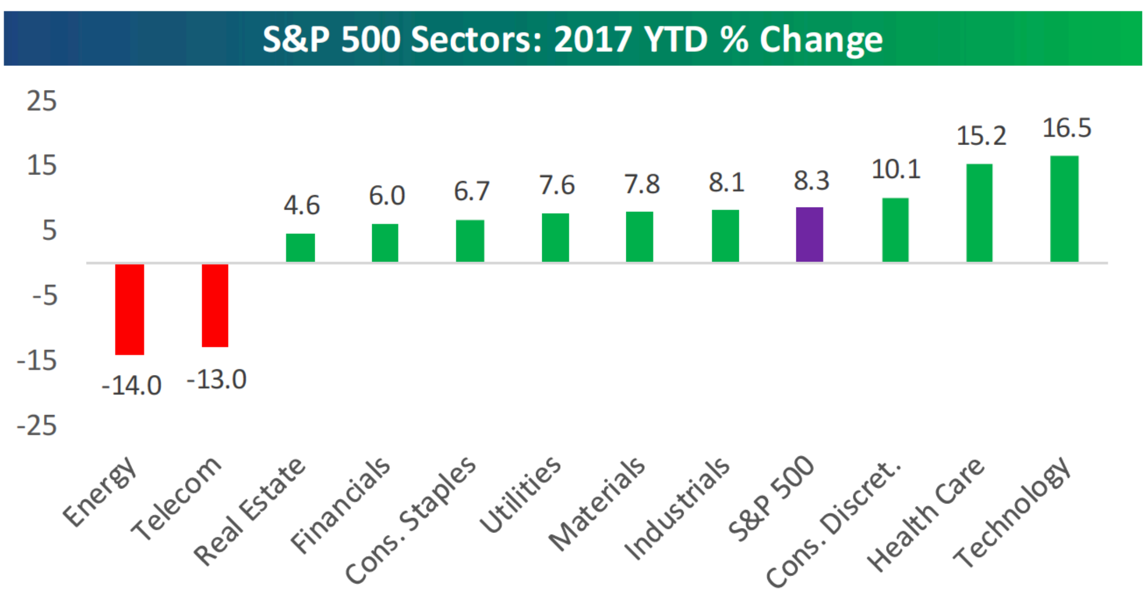


After going effectively nowhere for a year and a half (December 2014 – June 2016), the S&P 500 has gained a very impressive 18% over the last 12 months and rewarded investors for their patience.

The index gained 3.1% (including dividends) during the 2nd quarter as corporate earnings continued to impress (or rather, not disappoint), volatility stayed nonexistent and investors grew further adapted to a market where Federal Reserve monetary policy has clearly shifted toward normalization with the fed funds rate rising by 50bps already in 2017.

As we explained in our Q1 commentary, the daily and weekly charts of the S&P 500 above show the index's surge since the November elections. The index has officially broken out of the sideways range in which it mired for all of 2015 and much of last year. It moved above 2,300 early in the year and hasn't looked back. To illustrate the recent move in stocks, consider that in the nearly two-year period from December 2014 to October 2016, the S&P rose less than 3%. As of this writing, the index has tacked on 16% since the day before the election.

Large Cap stocks once again outperformed mid-cap (Russell Mid Cap: +2.7%) and small-cap stocks (Russell 2000: +2.5%) during the quarter while Growth stocks continued to dominate their Value counterparts. The Russell 3000 Growth Index has gained nearly 14% in 2017 while the Russell 3000 Value Index has added just 4%. Not surprisingly, the traditionally more "growth-y" sectors like technology (+16.5%), consumer discretionary (+10.1%) and health care (+15.2%) have led the markets higher so far this year. Meanwhile, energy (-14%) and telecom (-13%) have badly underperformed.

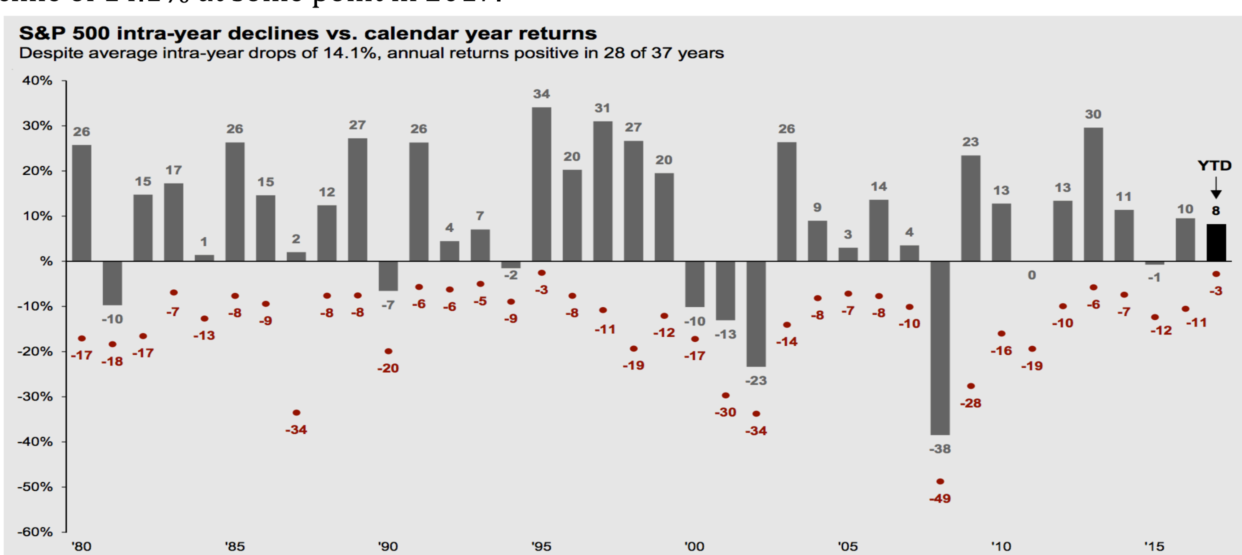


(Chart from Bespoke)

Looking at volatility, the S&P, as measured by the VIX, continues to flat-line.

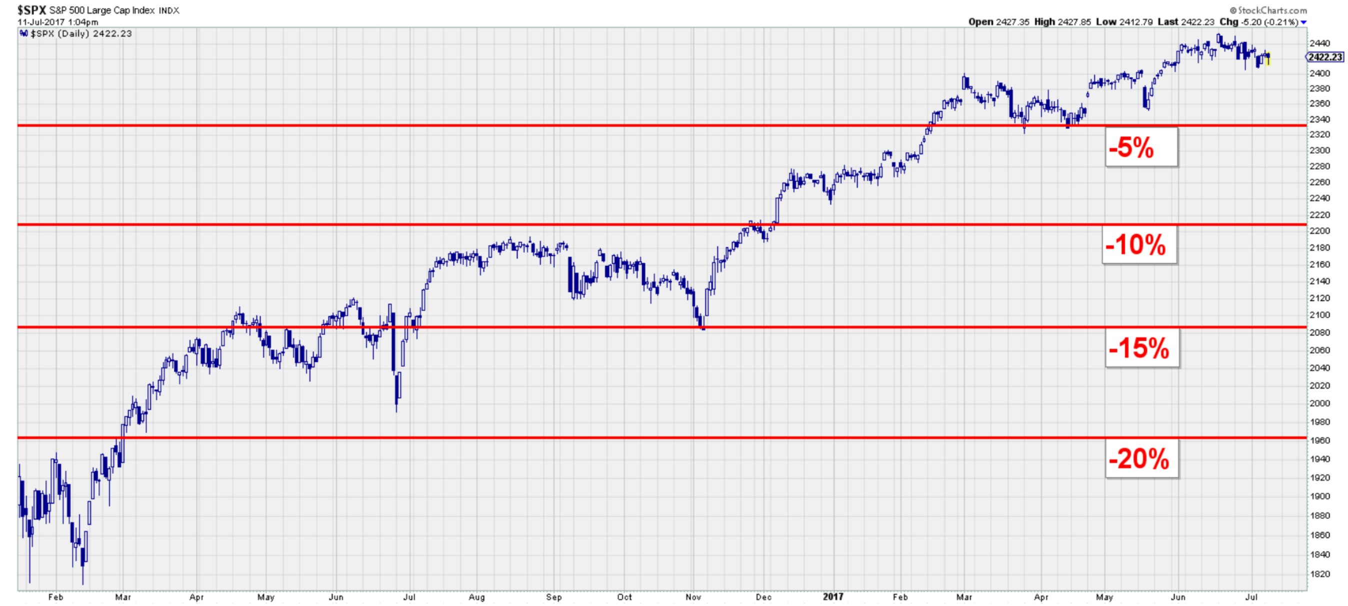
And while the operator of the volatility machine has apparently fallen asleep, we've seen some impressive stats arise from these serene times. Consider that the S&P just set a new post-financial crisis mark for days without a 5% decline. The previous record, set in 2014, was a span of 157 days. The current streak now sits at 167 days (as of July 7th). The 167-day streak is the longest since a 173-day span over the course of 2006-2007 when the index went without a 5% fall. Beyond that, there was also a massive 296-day stretch during 1995-1996 (in the midst of the massive 90's bull market). Another nugget for you, via Ryan Detrick of LPL, the S&P has not seen a weekly drop of 2% or more since last September. In fact, that instance is the only 2% weekly fall for the index since the February 2016 lows. That amounts to 72 weeks! Not since 1995 have we gone an entire calendar year without a single 2% weekly fall and, since 1950, the S&P has averaged six 2% weekly drops per year.

With just less than half the year remaining there's plenty of time for a reversion to the mean in terms of market volatility but we'll need to see a significant ramp if the S&P is to meet it's historical average intra-year decline of 14.1% at some point in 2017.



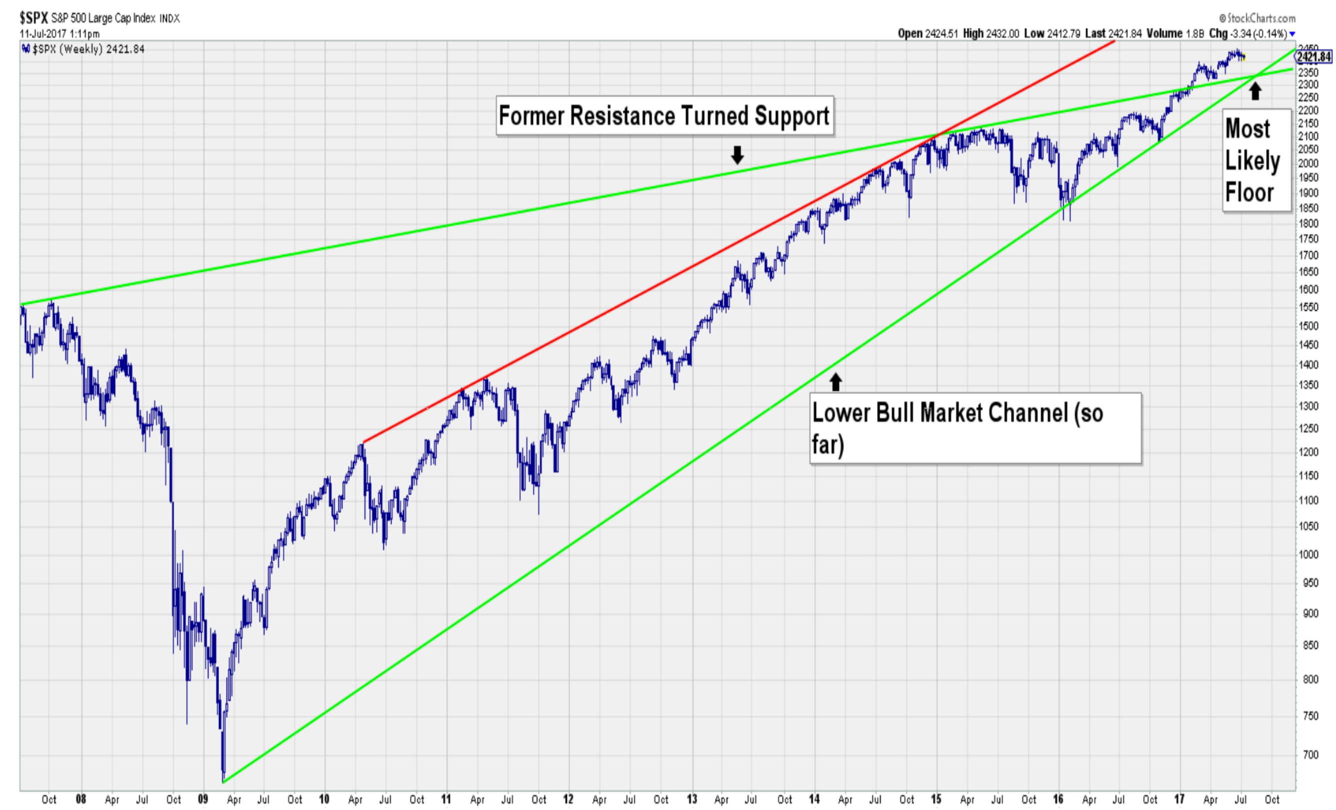
Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

And even if such a drop were to occur, the chart below shows that it would only take us back to last November's pre-election lows. Not the end of the world.



Source: Stockcharts.com

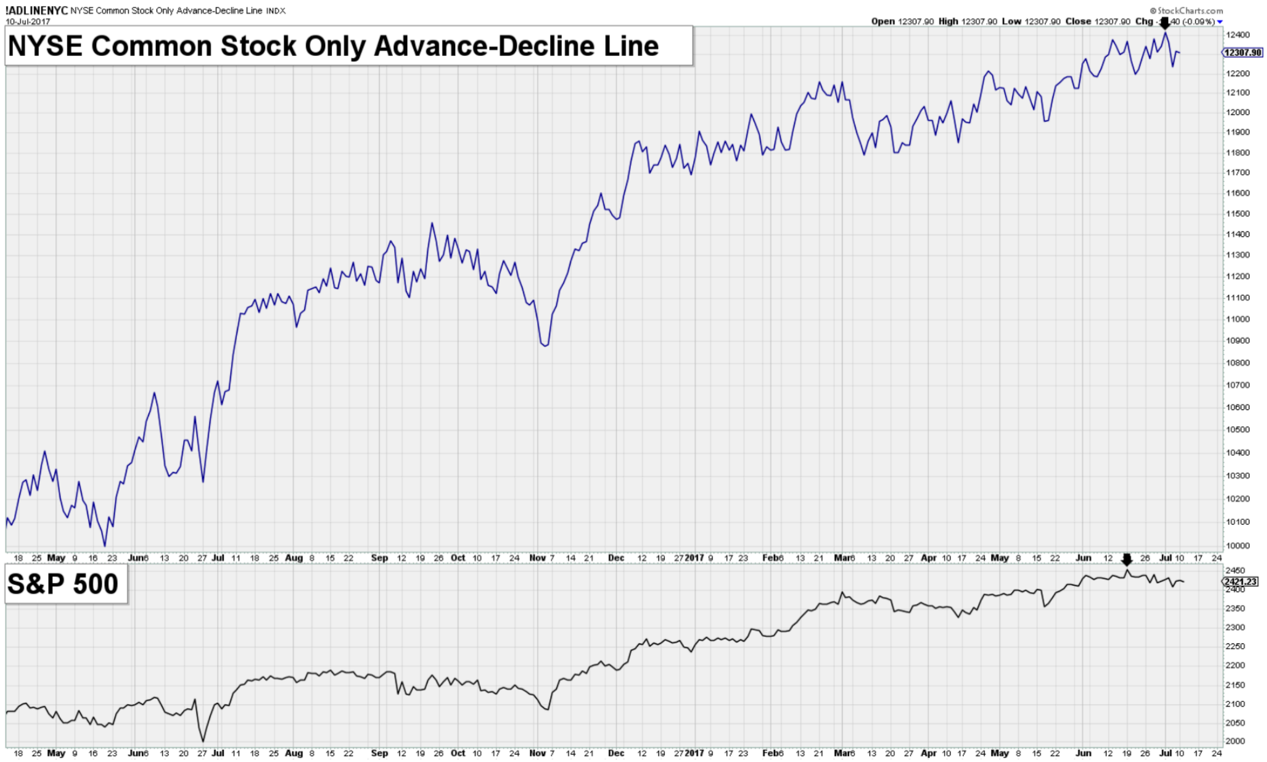
From a technical perspective, the S&P has moved steadily above its long-term trend line in 2017 and looks to be consolidating the move as it has idled around the 2,400 mark since early May.



Source: Stockcharts.com

(Chart from Raymond James)

Things are looking good from a participation standpoint as well. A current look at breadth via the NYSE Advance/Decline Line is confirming the recent series of all-time market highs. In fact, in early July, the A/D Line was making new highs while the S&P spun its wheels after large cap tech saw a quick sell-off in the back half of June. This is a healthy sign.



Source: Stockcharts.com

(Chart from Raymond James)

We noted after Q1 that if there were one area of "worry" for US stocks, it was the Russell 2000 and small caps. The index spent a fair chunk of Q1 in negative territory for 2017 after its massive post-election run up in November and December. While it managed to finish Q1 with a respectable 2.5% gain, the Russell 2K quickly fell back into negative YTD territory once we got into April. Since then, the index resumed a healthy uptrend and looks destined for a visit to the upper bound of the well defined channel it's recently carved.

On the longer-term weekly view the Russell 2000, after multiple recent touches with the upper trend line, looks poised to break above the decade-long wedge formation that it's resided since 2007. Such a break would be an impressive show of strength for US stocks and a positive omen for the rest of the year.

International Equity Markets

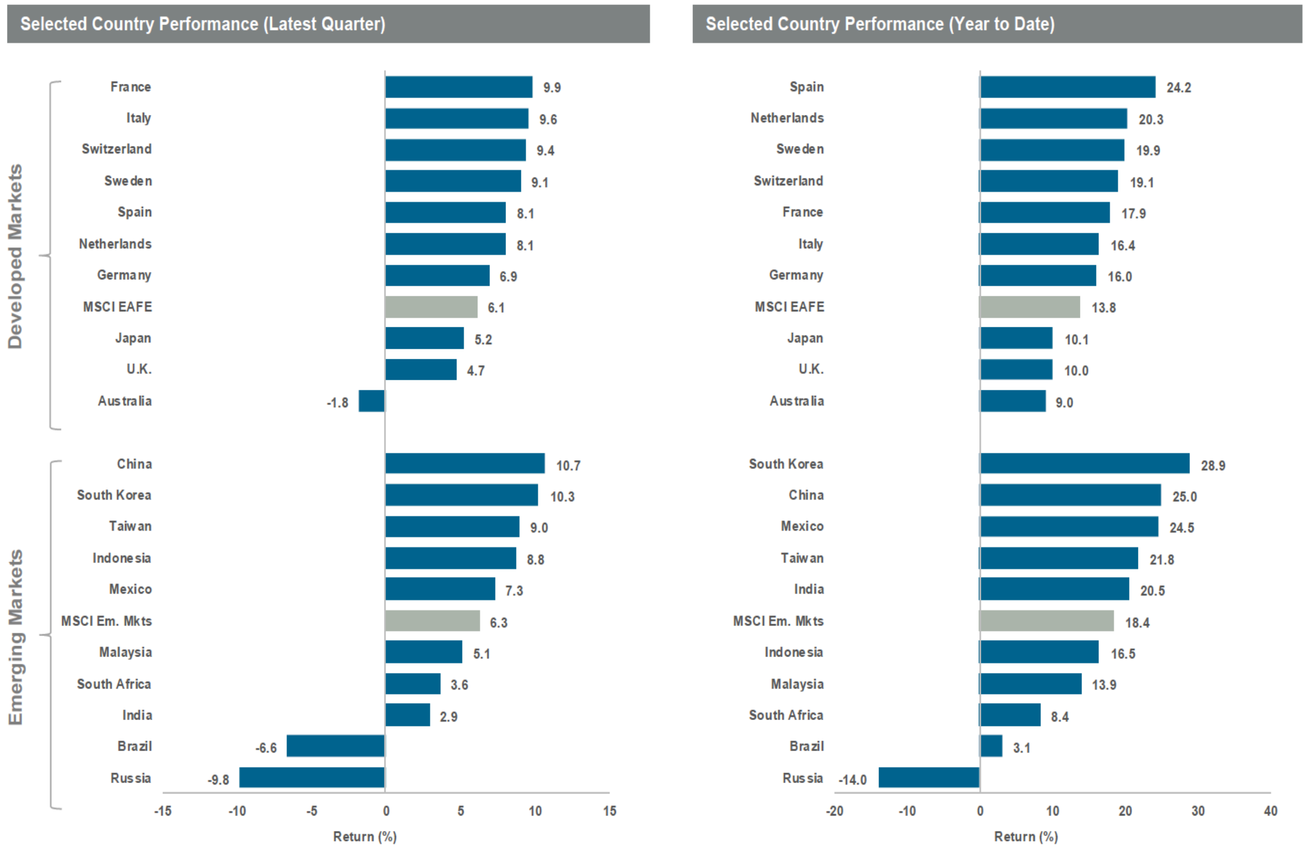
As of June 30, 2017

Asset Class/Region	Trailing Returns (%) Last Qtr	YTD	1-Year	3-Year	5-Year	10-Year	Annual Returns (%) 2016	2015	2014	Benchmark
Broad Developed Markets										
Developed Markets (USD)	6.1	13.8	20.3	1.2	8.7	1.0	1.0	(0.8)	(4.9)	*MSCI EAFE (Net) USD*
Developed Markets (Local Currency)	2.7	7.6	22.1	7.0	12.5	2.0	5.3	5.3	5.9	*MSCI EAFE (Net) Local*
Currency Effect (USD - Local Returns)	*3.4*	*6.3*	*(1.8)*	*(5.9)*	*(3.9)*	*(1.0)*	*(4.3)*	*(6.1)*	*(10.8)*	
Broad Emerging Markets										
Emerging Markets	6.3	18.4	23.8	1.1	4.0	1.9	11.2	(14.9)	(2.2)	*MSCI Emerging Markets (Net)*
BRIC	4.8	16.9	25.6	1.9	4.2	1.2	12.4	(13.3)	(2.6)	*MSCI BRIC*
Returns by Style										
Value	4.8	11.1	25.0	(0.6)	8.1	(0.1)	5.0	(5.7)	(5.4)	*MSCI EAFE Value*
Growth	7.5	16.7	15.7	2.8	9.2	2.1	(3.0)	4.1	(4.4)	*MSCI EAFE Growth*
Large Cap	5.8	13.3	20.0	0.5	8.1	0.8	1.1	(2.1)	(5.5)	*MSCI EAFE Large Cap*
Mid Cap	7.3	15.6	21.2	3.9	11.1	1.8	0.7	4.4	(2.1)	*MSCI EAFE Mid Cap*
Small Cap	8.1	16.7	23.2	5.6	12.9	3.4	2.2	9.6	(5.0)	*MSCI EAFE Small Cap*
Returns by Region										
Europe	7.7	15.9	21.8	0.3	9.4	1.2	0.2	(2.3)	(5.7)	*MSCI Europe*
Japan	5.2	10.1	19.6	5.9	9.9	1.4	2.7	9.9	(3.7)	*MSCI Japan*
Pacific (ex Japan)	1.6	13.6	19.6	1.4	6.9	3.8	8.0	(8.4)	(0.3)	*MSCI Pacific ex Japan*

(Chart from RW Baird)

International markets have clearly asserted themselves as the equity market leaders in 2017. Both the MSCI EAFE Index (+13.8%) and MSCI Emerging Markets Index (18.4%) roared to first half gains well into double digits. This strength has been a welcomed development for asset allocators with a global focus who for the last few years had to standby and watch as US stocks were the only game in town.

It was a particularly strong quarter in the Eurozone as economic growth, earnings surprises, accommodative central bank policy and positive political developments all boosted the markets higher. The key development in Q2 was Emmanuel Macron's victory in the French presidential election in which he defeated far-right, anti-establishment populist, Marine Le Pen. This was seen as a sign of a potential political renaissance taking hold in the Eurozone in the aftermath of Brexit. The EU has been desperate for any sign of political unity and the results in France were a huge first step. It's also likely that any continuation of this unity (see: Italian elections in 2018) will be viewed favorably by equity markets. Further, the Eurozone economies still have plenty of slack to stave off inflation so it's widely expected that Mario Draghi and the European Central Bank will continue be friendly with monetary policy.



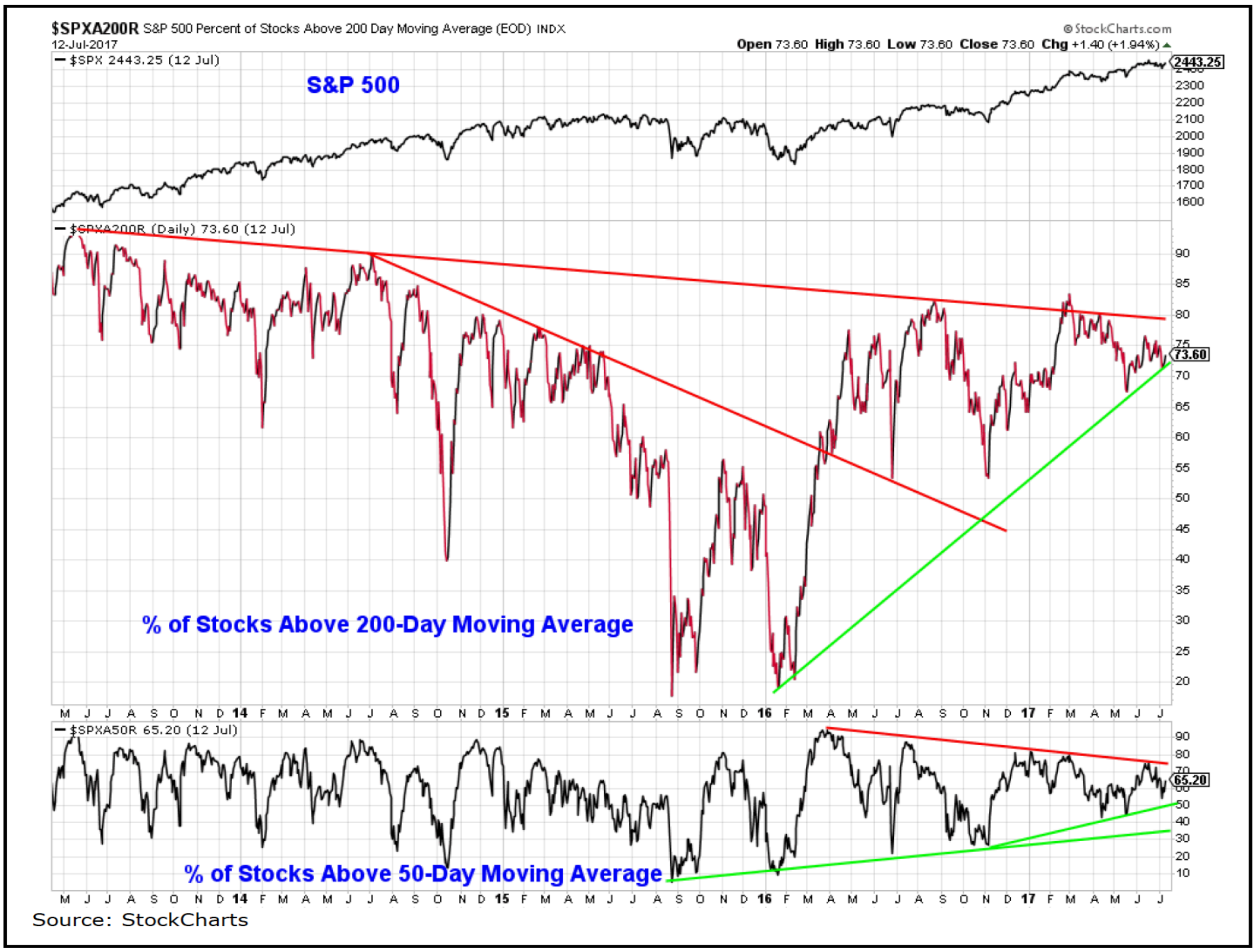
(Chart from RW Baird)

Most positively though is that markets are finally rewarding investors for their patience. The MSCI EAFE Index has been in a strong up-trend for nearly a year as allocators have learned to balance the economic risks posed by Brexit with encouraging fundamental developments found elsewhere. In fact, the EAFE has broken above its long-term trend line and looks eager to challenge its highs of 2015 and 2014.

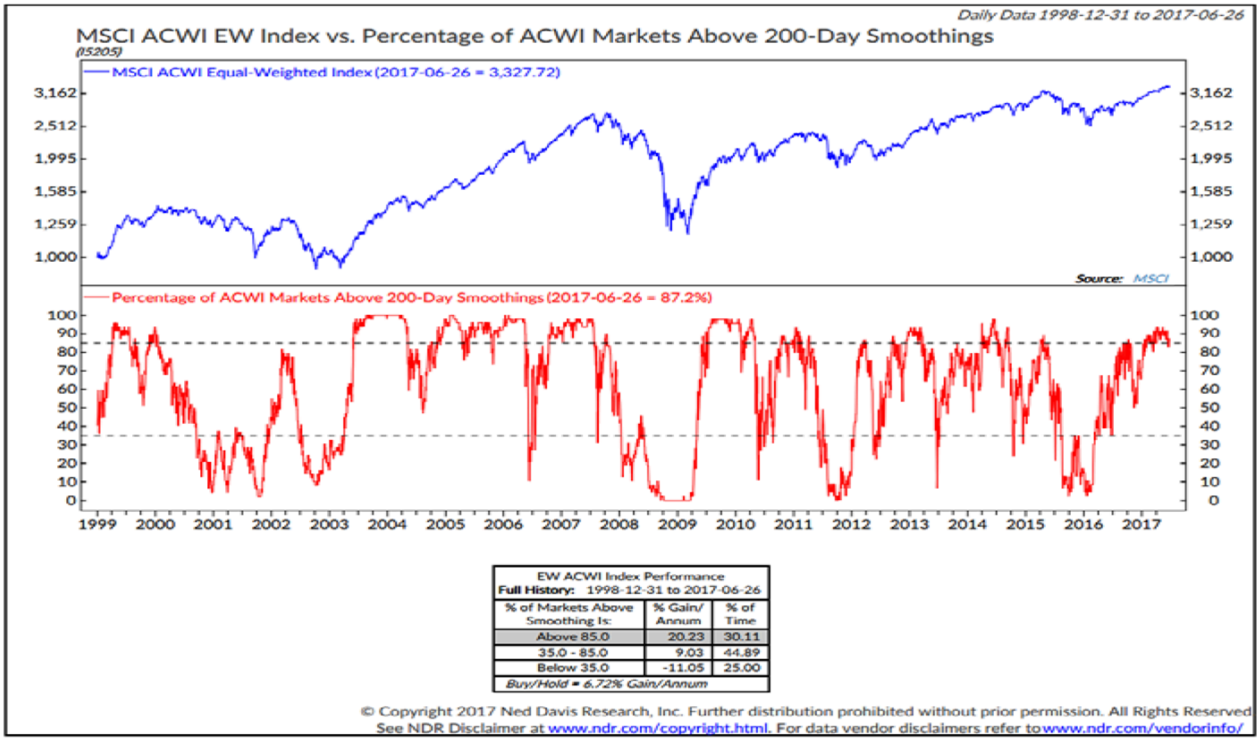
The chart above features the MVP of the first half of 2017, Emerging Markets. The asset class, as portrayed by the MSCI Emerging Markets Index, is up more than 18% this year and nearly 24% over the last 12 months. We said last quarter that the strength in EM might still be in its early stages and consideration for additional exposure later in 2017 could be warranted. The results of Q2 did nothing to change that stance. The chart below is a monthly ratio study of the EEM vs S&P 500. After years of relative underperformance, the tides have turned in favor of EEM as it has broken above the 30-month moving average, a feat not seen since early 2011.

When we addressed the prevailing technical conditions in Q1 we spoke with a tone of caution as a number of our indicators were flashing signs of negative divergence. At the time, the NYSE Advance/Decline Line was not confirming the market's latest highs and we suggested that waning breadth often brings about a stalled market. And that's exactly what we saw for portions of Q2. However, as we mentioned earlier, the NYSE A/D has recently recovered to make new highs and confirm broad participation.

In yet another look at breadth, the percentage of S&P 500 stocks above their 50-day and 200-day moving averages looks perfectly healthy. While neither measure has an imminent breakout on the horizon, each has moved nicely higher from their Q2 lows.

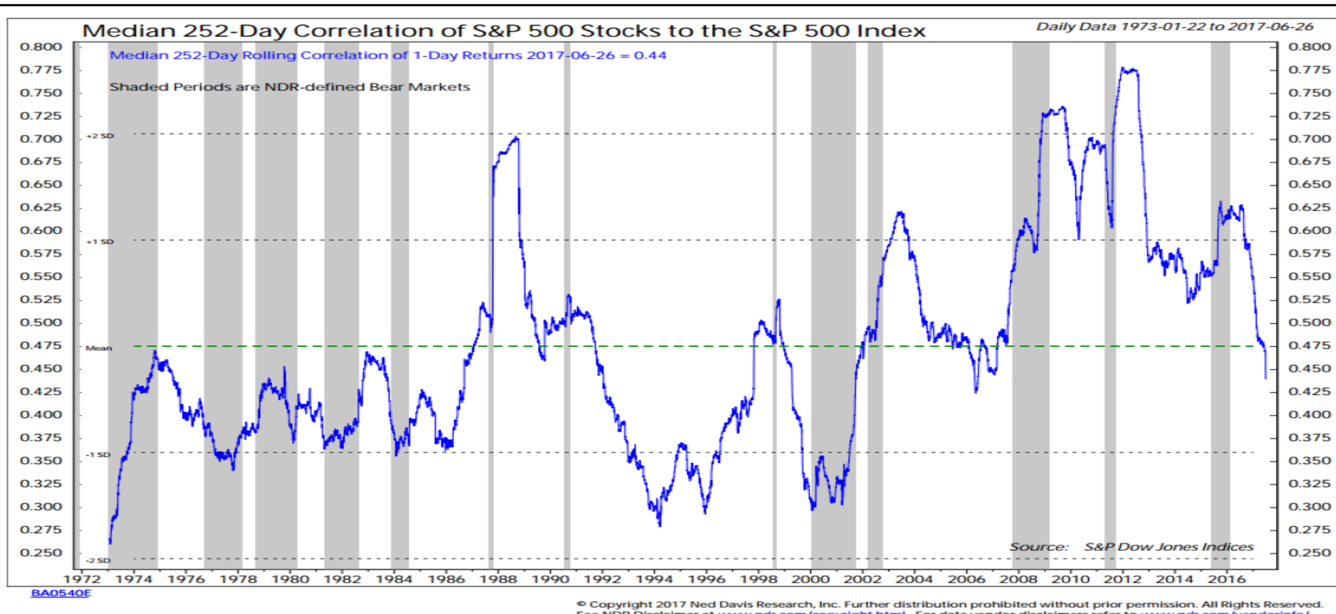


Not surprisingly, we see some really positive technical data when looking globally. Saying that most markets around the world are in rally mode is an understatement. Currently, nearly 90% of the markets that make up the All Country World Index (ACWI) are above their 200-day moving averages (chart below). This is a glowing sign of strength and this type of international participation only goes to further bolster the S&P 500.



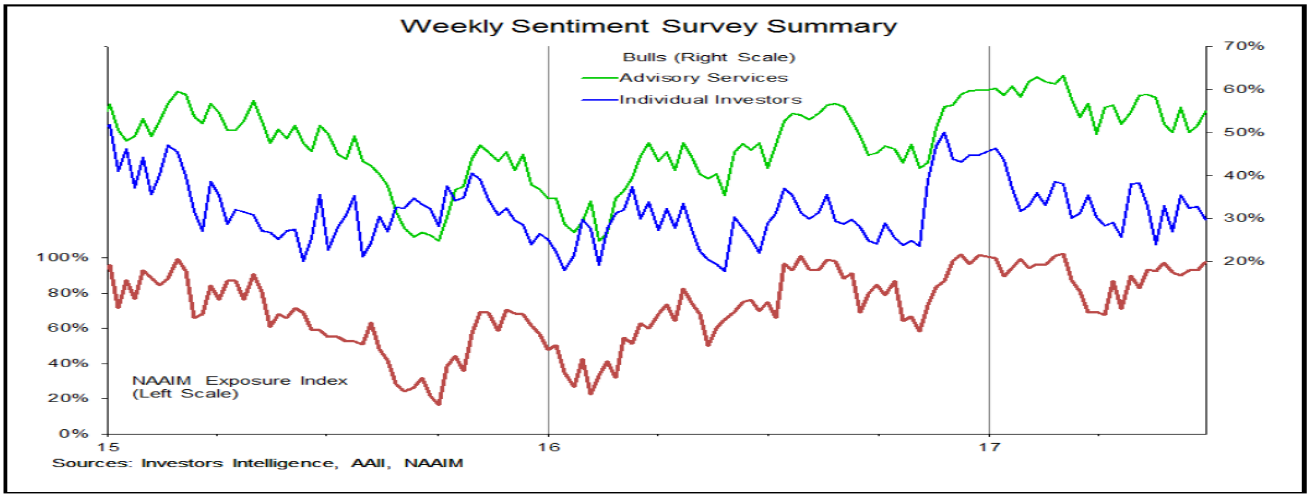
Source: Ned Davis Research

For the first time since before the 2008-2009 market crisis we've seen the correlation between individual stocks in the S&P and the index itself drop below its long-term average. During the directionless market of 2015 and much of 2016 this correlation had risen well above its historical average signaling a risk-on/risk-off type of environment. But so far in 2017, investors have been able to consider this a market of individual stocks and sectors as opposed to just a stock market. This development comes as a welcomed relief for active/tactical investors who've likely been humbled by passive strategies over the last few years. They can now eagerly seek relative strength opportunities and actually be rewarded for those decisions.



Source: Ned Davis Research

The sentiment measures we follow are a bit of mixed bag right now. The chart below presents sentiment survey results on individual investors, advisory services and active managers. At quarter-end, individual investors continued to have tepid view of stocks with just 30% of individuals polled holding a bullish outlook. Advisors have a more optimistic outlook for stocks but, like individuals, this bullishness has fallen since the beginning of the year. Lastly, active managers are not shying away from equity exposure as they are at the high end of the range of the last few years.

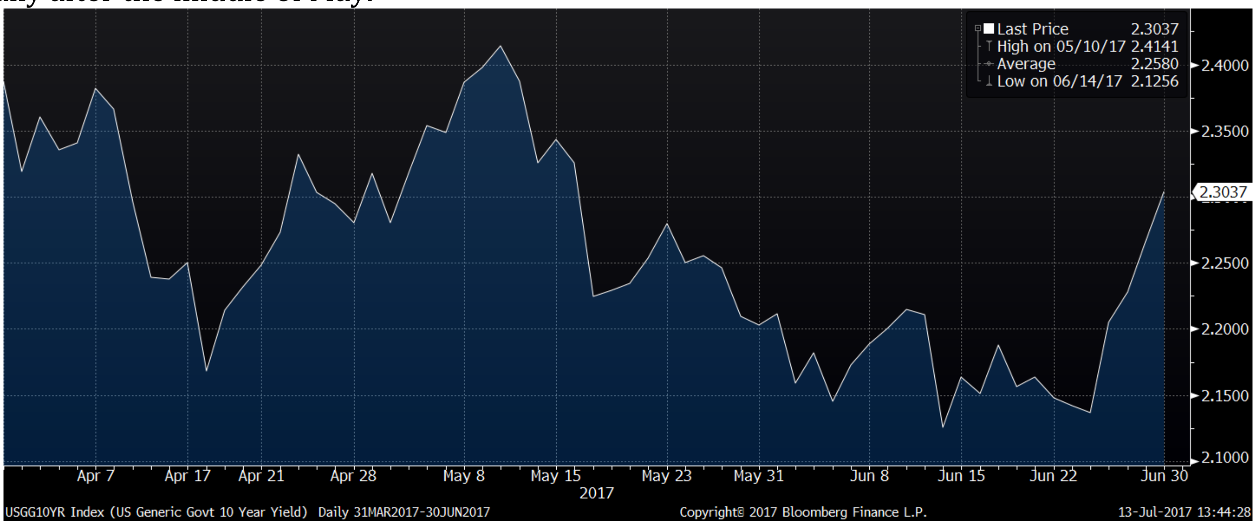


From a historical perspective, the table is set for July through December to offer equity investors even further gains. According to our data, if the S&P is up greater than 8% in the first 6 months of the year (as in 2017), the index has never finished negative for the full year in 24 instances. The average gain for the full year is 23.43% with an average gain of 7.36% in the 2nd half.

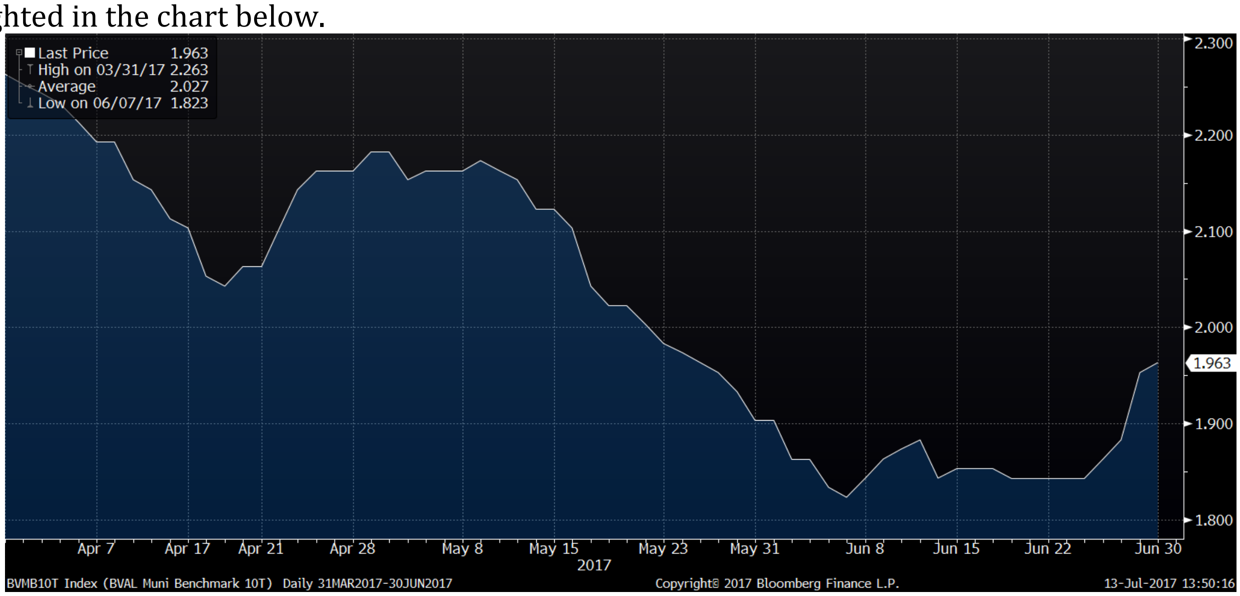
Year	July Return	YTD Return Jan - June	Full year return (when Jan-June > 8%)	Return July-Dec (when Jan-June > 8%)
1954	5.72%	17.73%	45.02%	23.18%
1955	6.07%	14.04%	26.40%	10.85%
1958	4.31%	13.13%	38.06%	22.04%
1961	3.28%	11.24%	23.13%	10.69%
1963	-0.35%	9.94%	18.89%	8.14%
1964	1.82%	8.89%	12.97%	3.75%
1967	4.53%	12.83%	20.09%	6.43%
1975	-6.77%	38.84%	31.55%	-5.25%
1976	-0.81%	15.62%	19.15%	3.05%
1983	-3.03%	19.20%	17.27%	-1.62%
1985	-0.48%	14.72%	26.33%	10.13%
1986	-5.87%	18.72%	14.62%	-3.46%
1987	4.82%	25.53%	2.03%	-18.72%
1988	-0.54%	10.69%	12.40%	1.54%
1989	8.84%	14.50%	27.25%	11.14%
1991	4.49%	12.40%	26.31%	12.37%
1995	3.18%	18.61%	34.11%	13.07%
1996	-4.57%	8.88%	20.26%	10.45%
1997	7.81%	19.49%	31.01%	9.64%
1998	-1.16%	16.84%	26.67%	8.41%
1999	-3.20%	11.67%	19.53%	7.03%
2003	1.62%	10.76%	26.38%	14.10%
2012	1.26%	8.31%	13.41%	4.70%
2013	4.95%	12.63%	29.60%	15.07%
Average	**1.50%**	**15.22%**	**23.43%**	**7.36%**

During the first quarter of 2017, interest rates moved sharply – both up and down – ending slighter lower. Geopolitical risk, a weaker dollar, and US central bank uncertainty contributed to the swing in rates. During the second quarter, interest rates again grinded lower, but with less volatility. Ongoing Congressional setbacks and disappointing macro data continued to weigh on growth and inflation expectations and, accordingly, on interest rates.

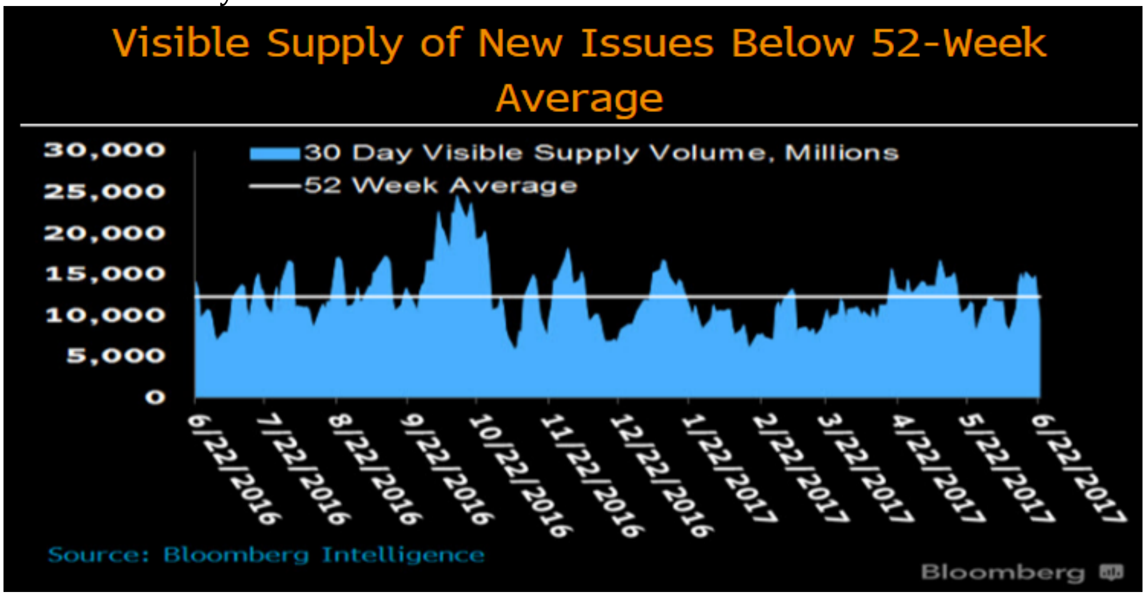
Using the 10-year US treasury as a benchmark, interest rates during the second quarter moved from 2.39% down to a low of 2.13%. A late sharp tick up in treasury interest rates brought the 10-year up to 2.30% by the end of the quarter. Looking at the chart below, the general trend for the quarter was lower, especially after the middle of May.



Municipal bonds outperformed strongly in Q2 2017, as investors' confidence in the Trump administration to pass meaningful tax reform continues to dissipate. Tax-exempt municipals benefited most from this sentiment, as the 10-year AAA municipal benchmark interest rate moved from 2.26% to 1.96%, highlighted in the chart below.



Supply and demand dynamics led to a strong quarter for municipal bonds. On the supply side, the chart below shows how issuance declined after the post-election spike and remained below the 52 week average for most of May.



On the demand side, through the end of the second quarter 2017, municipal bond mutual funds received an average of $236 million new dollars flowing in - including a streak where there were inflows for 18 out of 19 weeks.

Recent headlines have highlighted the pension problems in several states and the potential effect on municipal bonds. While Illinois (and other states) have problems at the state level, we do not buy their bonds if the repayment schedule depends on whether the state has a balanced budget or unfunded pension obligations. Instead, we are purchasing credits of municipalities within those states that have healthier fiscal situations or bonds that generate their revenue from essential services (utilities, sewers, tolls, etc). We feel comfortable owning these bonds as they are generally not adversely affected by pension or budgetary issues. While certain states may have issues at the state level, there are opportunities within each state to prudently put money to work in certain areas where we can generate a little extra yield from the headline risk but still feel confident in the credits we own.

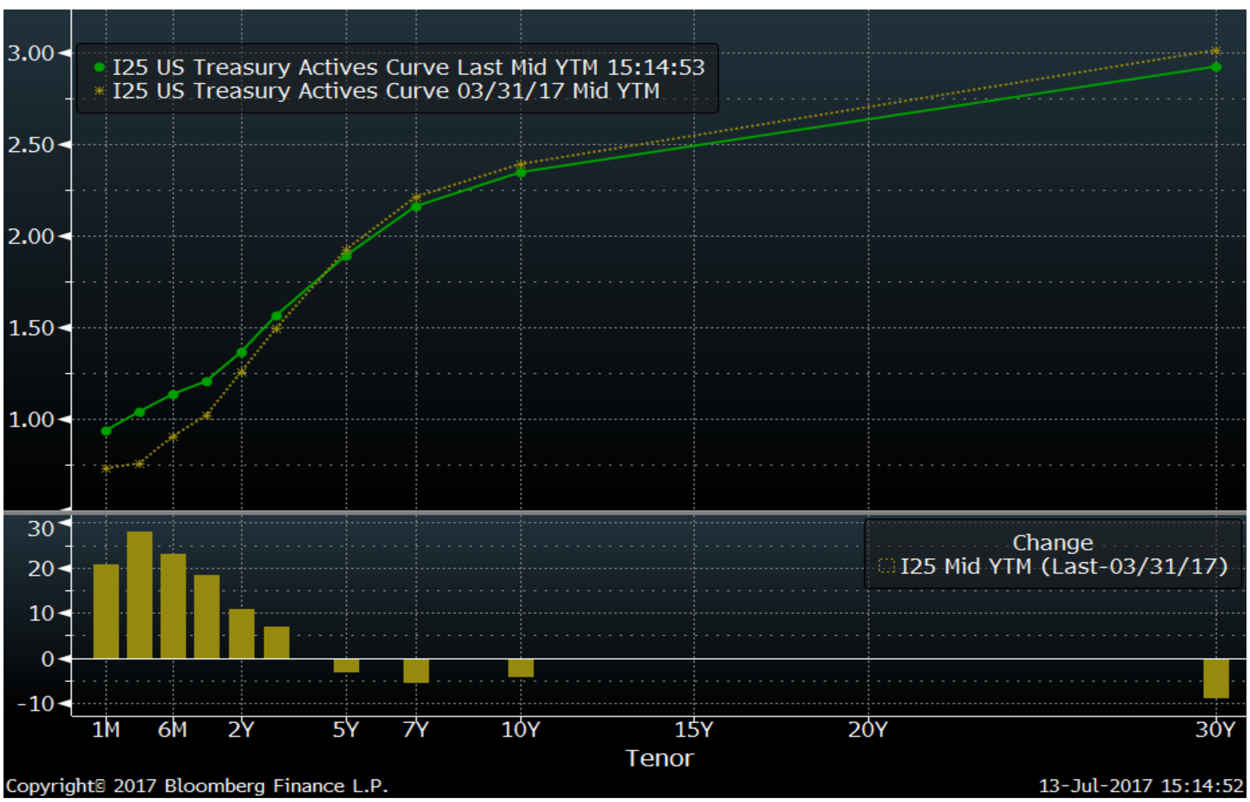
Switching gears, the Federal Reserve raised the Federal Funds Rate to a target of 1% to 1.25% at its meeting on June 14th. As usual, the move by the Fed was widely expected and telegraphed well in advance. With 2 rate hikes in the books so far in 2017, the market expectation is for one additional hike in 2017, down from more aggressive (hawkish) postures earlier in the year. The chart below shows the market's implied probabilities for futures hike, with a 51.6% chance of at least 1 additional hike before year's end.

Meeting	Prob Of Hike	Prob of Cut	0.75-1	1-1.25	1.25-1.5	1.5-1.75
07/26/2017	0.0%	0.7%	0.7%	99.3%	0.0%	0.0%
09/20/2017	16.0%	0.6%	0.6%	83.4%	16.0%	0.0%
11/01/2017	16.7%	0.6%	0.6%	82.8%	16.5%	0.1%
12/13/2017	51.6%	0.3%	0.3%	48.1%	44.5%	7.1%

All of this has happened in the face of weak economic growth. The first estimate for Q1 2017 GDP was 0.7%, with the final revision bringing up to a still paltry 1.4% annualized. Weakness in consumer spending held down growth in the first quarter, in addition to slowing inventory build. The Consumer Price Index continues to lag, posting an unchanged month of June, and ending the weakest 4-month stretch of inflation data in the last 60 years. Non-Farm payrolls improved in the second quarter after a miserable March number and retail sales for June came in negative. However, wages, an extremely closely monitored data point that Fed uses to guide its policy decisions, remained generally stagnant. From the most recent report released on July 7 for the month of June, average hourly earnings gained 0.2% month-over-month and 2.5% year-over-year, below the expectation of 0.3% and 2.6% respectively. Although hiring has increased, the weakness outlined in that data points to low wage, low productivity jobs.

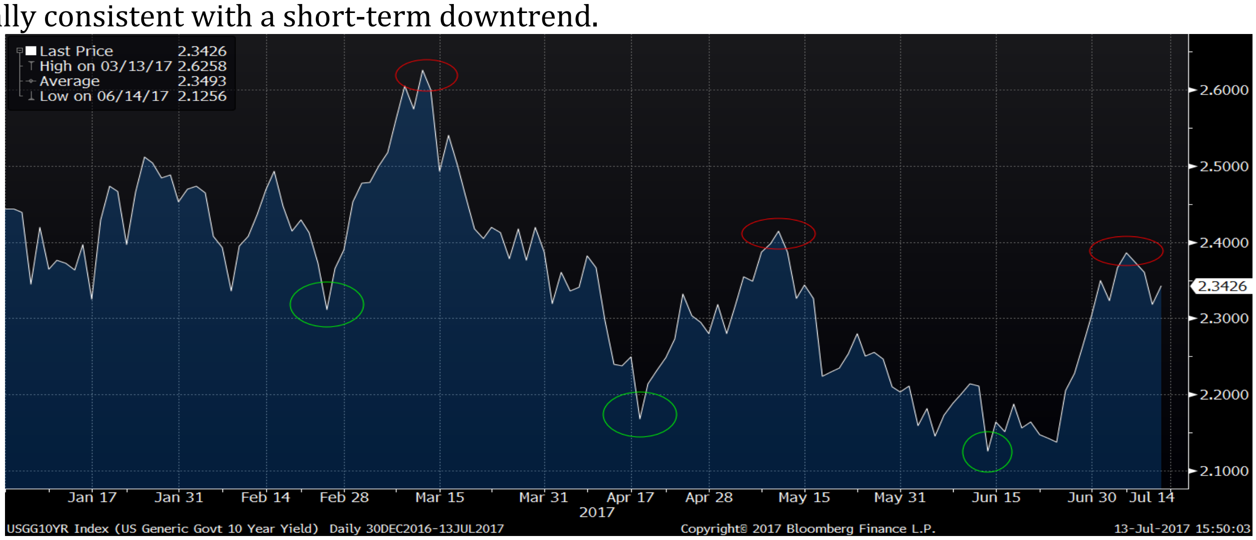
In addition to raising the Federal Funds rate, the big topic of conversation that arose at the June meeting was how the committee plans to unwind the assets on the Fed's $4.5 trillion dollar balance sheet. Currently, the Fed reinvests principal payments from its holdings in agency mortgage backed securities and rolls over maturing Treasury securities at auction. The Fed will allow the balance sheet to decline by decreasing the reinvestment of money generated from the interest payments and maturing assets or by stopping the reinvestment completely. We expect a significant improvement in economic data will be required for the committee to change their reinvestment policy by the end of 2017.

The Fed's activity continues to cause a flattening of the yield curve. The green line in the chart below indicates where the yield curve is today, and the gold line indicates where the curve was at the end of Q1 2017. Since the Fed sets their target rate on overnight loans they charge their member banks, their actions generally affect bonds with shorter maturities. Thus, short-term interest rates have risen due to the Fed's actions while longer term interest rates have come down due to the aforementioned uncertainty regarding growth and tax reform. The steepest part of the curve continues to be approximately in the 3-10 year range. As a result, we continue to position our portfolios around this area of the curve, as we feel it offers favorable risk/reward characteristics and the most value.



Another common way to measure how much the yield curve has flattened is the difference in yield between the 2-year and 10-year treasuries. As seen below, that difference went from 1.13 to 0.92 during the second quarter. This measure reached as low as 0.79 in June, almost matching its lowest level since the 2008 financial crisis.

This can become a problem if that number continues to shrink, as the Feds actions on the short end of the curve are not symmetrical with investor sentiment regarding growth and inflation expectations. Many economists believe that if we see an inverted yield curve, where the 2 year treasury rate is higher than the 10-year treasury, a recession is soon to follow. While economic growth currently is positive, this is a situation that we closely monitor as the yield curve continues to flatten and may get closer to inverting.
From a technical perspective, the 10-year treasury made new lows in Q2, reaching 2.13%. The below chart shows that there were lower highs (red circles) and lower lows (green circles) during Q2. That pattern is generally consistent with a short-term downtrend.



Any meaningful steps forward in healthcare reform or infrastructure spending could drive interest rates up in the short term. In addition, tax-exempt municipal outperformance could revert if there is a shift in supply or any clarity on tax reform. However, based on the weaker economic fundamentals and technicals explained above, we expect interest rates to remain range bound, with a chance they could move slightly lower going into the end of the year.

Our general belief continues to be that the market is in the midst of a long-term, secular rise. We view any near-term pullbacks to likely be an attractive buying opportunity. While many investors, for one reason or another, have been under-invested during the huge move off the 2009 bottom, we do not believe they've entirely missed their chance to capitalize on gains.

As shown earlier, the historical stats suggest that the back half of the year should beget further strength for stocks. The maximum drawdown for the S&P so far in 2017 is a very shallow 3%. Over history, only 1995 made it the entire calendar year with a smaller pullback. Then consider the time we've gone without a 5% pullback and it would be fair to expect a more meaningful drop in stocks before year end. If that comes to pass (assuming it be orderly and not caused by a larger, landscaping-altering event), we view such a sell-off as an opportunity to add further equity exposure especially for those "stuck" on the sidelines in cash.

Factor in the broad performance we're seeing in overseas markets and this environment has started to become an asset allocators dream. A global focus is being rewarded, correlations have relented and active management is working.

If we are indeed in, or near, what Raymond Devoe called the "Guarded Optimism" phase of a secular bull market then the decision to buy stocks in 2017 should prove rather beneficial when looking back a decade or so from now.

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